Problems Of Investment Attractiveness In The Economy Of Uzbekistan

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Abstract: The paper considers the problems of investment attractiveness in the economy of Uzbekistan, as well as offers recommendations.

Keywords: investment attractiveness, investment climate.

The deepening of economic reforms in Uzbekistan is closely linked to the strengthening of macroeconomic stability and the maintenance of high rates of economic growth and competitiveness, the continuation of institutional and structural reforms to reduce the presence of the State in the economy, and the further strengthening of the protection of rights and the priority role of private property, as reflected in the Development Strategy for 2017-2021.

In this regard, investment attractiveness plays an important role in Uzbekistan's economy. Investment activity (investment intensity) is determined by investment attractiveness, which is often identified with the investment climate. However, various indicators for the assessment of investment climate and investment attractiveness are provided. At the same time, the concept of "investment climate" is wider. Investment attractiveness is its constituent part, its result.

Analysis of the used literature. Modern economists continue to investigate investment processes. Thus, American economists Stanley L. Bryu and Campbell R. McConnell single out "investment expenditures as the second main determinant of aggregate demand"; at that, they single out 2 parameters " interest rates and expected profits. 1. Theoreticians of the Russian economic science, such as V.V. Sedov, consider investments as an integral factor of economic growth 2; the team of authors under the leadership of V.D. Kamayev focuses on the investment accelerator 3. Other researchers on investment, in particular, those studying foreign investments (A.F. Andrianov, V.A. Ivanov), consider them purely in applied nature (for example, for the Russian economy), there are no general theoretic recommendations [4.

The methodology of research. The work uses an abstract method as well as mathematical and statistical methods.
Analysis and results.

Investment attractiveness is the subject of evaluation at various hierarchical levels. The investment climate is the environment in which investment processes take place. It consists of a set of economic, social, political, legal, cultural and other conditions that ensure the attractiveness of investments in a particular area of the economy, specific businesses, city, region, country.

For estimation of an investment climate and investment attractiveness of the countries abroad are used: methods of Tay-Waters, Cotler-Heisler, ratings of magazines "Fortune", "Euromoney" (USA), "The Economist" (England), methods of a digital scale of Harvard Business School of the USA etc. The investment attractiveness of Uzbekistan's regions is determined with the use of indicators of these methods and foreign methods specially adapted to the Uzbek realities.

The investment attractiveness of a country is an integral indicator, which is determined by the totality of its economic and financial indicators and indicators of state, social, legislative, political and social development. Investment attractiveness is determined by the vector of physical, financial, intellectual and human capital movement: to the country or beyond its borders. Investment attractiveness of a country is a set of factors determining the inflow of investments or capital outflow. Investment attractiveness (climate) of the country or region is determined by investment potential and investment risk.

Uzbekistan is an attractive country for investments due to the availability of raw material potential of the country, relatively low prices for energy resources, cheaper labor force, strong government support, developed legal framework, the possibility of entering the world market. As noted in the Investment Policy Strategy of Uzbekistan until 2025 "...One of the priorities today is to achieve by 2022 the level of the business climate, which will enable Uzbekistan to enter the top 20 countries in the World Bank’s ranking of business conditions.

The Republic is among the countries that have achieved the best results in recent years in improving business performance through regulatory reforms aimed at improving the business environment. In the Index of Economic Freedom (IEC) of 2019, Uzbekistan rose from 15th to 140th place with an assessment of 53.3, which improved by 1.8 points due to higher scores on indicators of investment freedom, labor freedom and business freedom. Since 1998, Uzbekistan has managed to improve its position in the IEC by 21.8 points. The World Bank's Doing Business report publishes ratings on the ease of doing business in 190 countries. Due to the large-scale work on reducing the time of documents processing and their number, reduction of costs associated with these procedures,
organization of "one window" services, Uzbekistan has been in the top ten best reforming countries for the last 5 years (rose from 166 (2012) to 76th place (2019), which created a more favorable business environment. Most of the reforms have been implemented in the areas of business registration (an area where Uzbekistan shows the best results, ranking 12th in the world ranking), taxation, obtaining loans and property registration. According to the results of the Paying Taxes 2019 study, Uzbekistan's overall tax rate is 32%, which is below the world average (40%). Uzbekistan was ranked 99th among 168 countries in the World Bank's Logistics Performance Index (LPI) for 2018. The Index is a ranking of 168 countries that measures the efficiency of supply chains providing companies with access to national and international markets. If we consider the index in terms of sub-indexes, Uzbekistan ranks 140th for customs procedures, 77th for infrastructure and 120th for international shipments. The country is ranked 88th for logistics quality and competence and 90th for tracking goods, as well as 91st for meeting deadlines.

However, it should that in the Strategy of the investment policy of Uzbekistan till 2025, a number of problems in dynamics and structure of investment flows were highlighted:

1. Lack of investments is the key challenge to Uzbekistan's development. In 2018, the gross fixed capital formation made up $13.3 billion or 26 percent of GDP. The level of fixed capital accumulation per capita is only 20% of the world average and 25% of the CIS average.

2. The volume of foreign investment attracted is insufficient and its sources are not diversified. Foreign direct investment (hereinafter referred to as FDI) generated a 2018 of GDP in January-December 3.6%, accounting for only $55.1 of FDI per capita, while the average for CIS countries was $100-120.

3. There remains a high differentiation of regions in terms of attracting investment resources. Almost 44% of attracted investments in the Republic in 2013-2018 was accounted for by 3 territories (Tashkent city, Kashkadarya and Bukhara regions), while the share of 5 regions (Andijan, Jizzak, Syrdarya, Surkhandarya and Khorezm regions) was 16.2%.

4. The economic return on investment resources in most regions remains insignificant. For example, in recent years (2013-2018) the ratio of accumulated economic growth to accumulated investment growth in regions (Kashkadarya, Navoi, Namangan, Samarkand, Surkhandarya, Syrdarya and Tashkent) did not exceed 0.8.
5. The level of investment attraction for modernization, technical and technological re-equipment is not sufficient to ensure effective reproduction process.

6. The structure of investment resources is not in line with that of developed countries. The capital market (investments in corporate securities) currently provides just a little over 0.4% of the volume of investments. The domestic stock market has not yet formed as an important source for investment. As of 1 January 2019, only 17 bond issues worth 206.9 billion soums are in circulation.

7. High level of state presence in the economy. State enterprises continue to dominate the national economy, occupying a significant share in fuel and energy, mining, mechanical engineering, transport, chemical industry and telecommunications. Thus, 603 joint-stock companies are currently operating in the economy, 80% of which have a state share, while joint stock companies have a state share of 52 trillion soums.

Conclusions and proposals. Of course, the above-mentioned problems cannot cover all that is associated with investment attractiveness, but we believe that this will help to focus on ensuring a favorable investment climate not only on methods of monetary, tax, structural and other stimulation of investments but also on increasing the level of the regional authority. The authority to make specific decisions on attracting and supporting investments at the regional and local levels should be stipulated by the legislation. In order to improve the investment climate in regions, the following measures should be implemented:

1. Enhancing the role of local authorities for the formation of a favorable investment climate by specifying the mechanism for the use of local authorities’ powers to provide investors and private business with additional benefits and preferences based on the specific conditions of the region and its development strategy.

2. Expanding the powers of khokimiyats to attract foreign investment, giving them an additional function of searching for foreign investors and conducting independent negotiations with potential foreign investors, including traveling abroad;

3. Diversification of benefits and preferences offered to investors who intend to invest in the regions by determining the degree of infrastructure development in a given region
4. Establishment of unified criteria for granting benefits in the legislation, providing clear conditions under which an investor receives benefits, ensuring the targeted nature of benefits in areas with special status;

5. Formation and development of clusters and special zones (privatized (private) small industrial zones in logistics, tourism, trade, IT-industry, technoparks, business incubators), attractive for investors in the region;

6. Infrastructure development (banking, insurance companies, funds, rating agencies, consulting centers, engineering services) for effective mobilization of existing financial and other investment resources of enterprises and population in the region;

7. Balanced investment development through implementation of regional centers providing marketing, legal and other services for further development of entrepreneurs' activity.

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